
US EXECUTIVE APPROVAL FORM
Alcatel Canada**HQAPP Requests:**

1. Discount on L&S of 80%.

TIER 2/3 Requests:

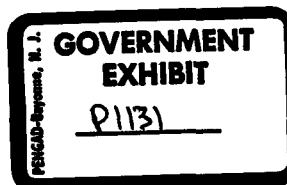
1. Price protection for the programs as sold in the initial transaction at an 80% discount for 1 year - to May 31, 2004.

Deal Summary:

Deal Summary	
Programs	E-Business Suite Apps : 850 Professional Users ; 700 Employee Users. 12500 Electronic Order Lines.
License Discount	80 % (ebiz + 55 %)
Support Discount	80 % (ebiz + 55 %)
Price Holds	Per Request # 1 in Tier 2/3 section above.
List License	\$3,705,000
List Support	\$815,100
Net License	\$741,000
Net Support	\$163,020
Net Total Price	\$904,020
Price List Used	Oracle Price List of March 1, 2003

Justification:

- Alcatel currently uses both Oracle and SAP applications in Canada.
- Alcatel has undertaken an initiative called Project Gemini to standardize on a common ERP platform for North America - ie. either ALL SAP or ALL Oracle.
- SAP is the corporate standard for Alcatel worldwide with a global agreement for 10,000 users.
- Alcatel currently plans to recommend SAP to the board over Oracle.
- This is largely due to pricing issues - there is a huge difference in the five year TCO between ourselves and SAP.
- Oracle has been given one last opportunity to submit a best and final offer.
- Our request for the final offer is above. This allows Alcatel to procure the additional Ebusiness Suite Professional and Employee Users they require to replace SAP in Canada.
- 80% discount is required in order to be competitive against the upgrade cost of migrating from SAP 4.6 to mySAP and to mitigate the impact that their current Oracle support agreement (\$1.1M) is having on the five year total cost of ownership rollup.
- Oracle is deemed to be twice as expensive as SAP in the rollup based on our initial proposal (note that we have "tested" them at a 64% discount level) - and they are ready to recommend SAP.
- There is add-on business for Oracle at Alcatel if we can win: additional users are expected to be purchased that should net an additional \$500K in FY'04 ; ongoing support revenue of \$1.1M+ will be in jeopardy (ie. it will go away); Oracle would be able to compete for implementation and outsourcing services revenue going forward.
- Even at this proposed pricing we are still higher over 5 years TCO L&S comparison by \$1M (without SAP adjusting their price lower).
- Additional approvals will need to be sought as negotiations continue - this request is to gain agreement to our pricing approach.



Recommendation:

Rush for 2:00 PM today...

Approve. Brian has been speaking with Scott Page on this. Their original angle was to try and reduce the existing support. Based on the feedback that they would have a huge JE, even if they could legitimately purchase new licensed under their master agreement, they have restructured the deal as above. They are still trying to get Jeff Henley to call into the CFO to speak about the real TCO including switching from their recent Oracle deployment. They also want to inform Larry and Safra of the situation, in case it bubbles up and they need to try and help preserve Oracle's position in the Alcatel.

Submitted By: *Marcia Lamb AM ; Rene Giguere RM ; John Pierleoni RVP.*

R: 04/23/03

C: 04/23/03

L: 04/23/03

A: 04/23/03

BP: swong